

State of Maine)	Docket No. 99-185
Public Utilities Commission)	
)	May 22, 2000
Maine Public Utilities Commission)	
Re: Investigation of Retail Electric)	Stipulation of Maine Public Service
Transmission Services and)	Company
Jurisdictional Issues)	

The undersigned, being parties to this proceeding, agree as follows:

1. Purpose. The purpose of this Stipulation is to conclude all unresolved issues in this proceeding, specifically, the allocation of Maine Public Service Company's (MPS) annual revenue requirement between the distribution and transmission categories, which are, respectively, subject to the jurisdiction of the Maine Public Utilities Commission (MPUC) and the Federal Energy Regulatory Commission (FERC).

2. Allocation. Subject to the conditions of Paragraph 3 below, the MPS rate year T&D revenue requirement of \$16,640,000, as determined by this Commission in Docket No. 98-577, shall be apportioned between the FERC-regulated transmission revenue requirement of \$2,380,000 (which includes \$184,000 in Northern Maine ISA costs) and the MPUC-regulated distribution revenue requirement of \$14,260,000 in the manner shown on Exhibit 1, which is made a part of this Stipulation.

3. Customer Costs. Included in the transmission revenue requirement of \$2,380,000 are customer related costs of \$191,397, (Customer Costs) which are derived as shown on Exhibit 2, which is made a part of this Stipulation. MPS agrees that it shall use all reasonable good-faith efforts to include the Customer Costs in its FERC-approved transmission tariff through either of the following methods:

a. By including them, with the consent of the parties, in the final Settlement reached to MPS's Transmission Tariff filing in FERC Docket No. ER00-1053-000.

b. If it is unable to secure the agreement of the parties to the Settlement in ER00-1053-000, then MPS shall make the appropriate filing with the FERC to modify its Transmission Tariff to include the Customer Costs, as retail transmission costs, in its FERC-regulated Transmission Tariff. This filing shall be made within six months of the date on which the MPUC approves this Stipulation.

The parties agree and recommend to the MPUC, that the MPUC actively support (through written filing or otherwise) MPS's efforts under (a) or (b) above to include the Customer costs in its FERC-regulated Transmission Tariff. The parties shall not take any position before the FERC inconsistent with the position to be put forth by MPS under this Article 3.

In the event the FERC, for any reason, orders or determines (and such order or termination becomes final) that all or any part of the Customer Tariff may not be included in MPS's FERC-regulated Transmission Tariff, then MPS shall be permitted to file a proposed amendment to any MPUC-approved rate schedule it has filed pursuant to this Stipulation for the sole purpose of recovering in retail rates any Customer Costs disallowed by the FERC, subject to final disposition by the MPUC.

4. Rate Treatment. In order to provide stability of MPS's retail rates, the parties agree, and recommend to the MPUC, that the MPUC issue an accounting order authorizing MPS to use additional amounts of the gain on the sale of its generating assets (available value) to reduce retail distribution rates in an amount equal to the increase in retail transmission rates above the amount of transmission costs separated from MPS's combined T&D rates that is to be allowed

into effect (subject to refund) by the FERC on June 1, 2000. This method will allow retail transmission and distribution rates to remain at current levels, requiring no change to MPS's current retail rate schedules. Attached as Exhibit 3 to this Stipulation is MPS's proposed revision to the amortization of its available value required to adjust retail distribution revenue requirements by an amount that offsets the change in retail transmission revenue requirements to become effective June 1, 2000.

In the event FERC ultimately allows a retail transmission revenue requirement effective June 1, 2000 that is different than the amount set forth in Exhibit 3, MPS shall be permitted to adjust the level of available value used to reduce retail distribution rates as described in this paragraph so that the reduction in retail distribution corresponds precisely to the June 1, 2000 increase in retail transmission rates, net of the value of any refunds, ultimately allowed by the FERC.

5. Stipulation Not Precedential. The making of this Stipulation by the parties shall not constitute precedent as to any matter of law or fact, nor shall it permit any party from making any contention or exercising any right, including right of appeal, in any other Commission proceeding or investigation or any other trial or action.

In Witness Whereof, the parties have caused this Stipulation to be signed by their
respective attorneys.

May 22, 2000

MAINE PUBLIC SERVICE COMPANY

By /s/ S. A. Johnson
Stephen A. Johnson

May __, 2000

OFFICE OF THE PUBLIC ADVOCATE

By _____

-

May __, 2000

INDUSTRIAL ENERGY USERS GROUP

By _____

-

May __, 2000

INDEPENDENT ENERGY PRODUCERS OF MAINE

By _____

-

**Maine Public Service Company
Retail Transmission and Distribution Separation
Reconciliation of Test Year versus Rate Year
(Dollars in Thousands)**

Surrebuttal / Stipulation dated December 1, 1999

	Test Year Revenue Requirement				Rate Year Revenue Requirement			
	<u>Transmission</u>	<u>Distribution</u>	<u>Customer</u>	<u>Total</u>	<u>Transmission</u>	<u>Distribution</u>	<u>Customer</u>	<u>Total</u>
Net Expense	1,314	5,917	4,086	11,317	1,358	6,473	4,302	12,133
Rate Base	5,617	22,318	2,636	30,571	7,057	24,066	2,842	33,965
Cost of Capital	12.83%	12.83%	12.83%	12.83%	13.27%	13.27%	13.27%	13.27%
Return on Rate Base	721	2,863	338	3,922	936	3,194	377	4,507
Total Revenue Requirement	2,035	8,780	4,424	15,239	2,295	9,666	4,680	16,640

T & D Separation Filed - January, 2000

	Test Year Revenue Requirement				Rate Year Revenue Requirement			
	<u>Transmission</u>	<u>Distribution</u>	<u>Customer</u>	<u>Total</u>	<u>Transmission</u>	<u>Distribution</u>	<u>Customer</u>	<u>Total</u>
Net Expense	1,039	10,278	0	11,317	1,068	11,065	0	12,133
Rate Base	5,617	24,954	0	30,571	7,057	26,908	0	33,965
Cost of Capital	12.83%	12.83%	12.83%	12.83%	13.27%	13.27%	13.27%	13.27%
Return on Rate Base	721	3,202	0	3,922	936	3,571	0	4,507
Total Revenue Requirement	1,760	13,480	0	15,239	2,005	14,635	0	16,640

REVISED T&D Separation Filed - April, 2000

	Test Year Revenue Requirement				Rate Year Revenue Requirement			
	<u>Transmission</u>	<u>Distribution</u>	<u>Customer</u>	<u>Total</u>	<u>Transmission</u>	<u>Distribution</u>	<u>Customer</u>	<u>Total</u>
Net Expense	1,405	9,912	0	11,317	1,444	10,689	0	12,133
Rate Base	5,617	24,954	0	30,571	7,057	26,908	0	33,965
Cost of Capital	12.83%	12.83%	12.83%	12.83%	13.27%	13.27%	13.27%	13.27%
Return on Rate Base	721	3,202	0	3,922	936	3,571	0	4,507
Total Revenue Requirement	2,126	13,113	0	15,239	2,380	14,260	0	16,640

Maine Public Service Company
Allocation of Customer Related Costs to Transmission

1998 Customer Related Expenses allocatable between Transmission and Distribution [from Exhibit 2A]	\$1,159,853
Allocator:	
Proposed Transmission Revenue Requirement (98-577) [from Exhibit_1]	2,005,000
Proposed Distribution Revenue Requirement (98-577) [from Exhibit_1]	14,635,000
Total Approved T&D Revenue Requirement (98-577) [from Exhibit_1]	16,640,000
Adjusted Test Year Customer Expenses Included in T&D Revenue Requirement [from Exhibit_1]	4,680,000
less: Account 908	(150,747)
Account 909	(39,421)
Total	(190,168)
Net Adjusted Test Year Customer Expenses	4,489,832
Adjusted T&D Revenue Requirement, net of Customer Expenses	12,150,168
Ratio of Transmission Cost of Service to Adjusted T&D Revenue Requirement	16.50%
Customer Related Expense Allocable to Transmission	191,397

MAINE PUBLIC SERVICE COMPANY
 CUSTOMER RELATED REVENUE REQUIREMENT - 1998 FF1
 \$'S

<u>Category</u>	<u>#</u>	<u>excluded</u>	<u>included</u>	
Customer Acc.	901		111,835	
	902		139,272	
	903		472,520	
	904		181,452	
	905		191,307	
				1,096,387
CSI	907		17,625	
	908	150,747	0	
	909	39,421	0	
	910		5,505	
				23,129
Marketing	911		13,542	
	912		21,913	
	913		0	
	916		4,881	
				40,336
Total				1,159,853

**Maine Public Service Company
Retail Transmission and Distribution Separation
(Dollars in Thousands)**

T&D Separation Filed - April, 2000

	Rate Year Revenue Requirement		
	<u>Transmission</u>	<u>Distribution</u>	<u>Total</u>
Net Expense	1,444	10,689	12,133
Rate Base	7,057	26,908	33,965
Cost of Capital	13.27%	13.27%	13.27%
Return on Rate Base	936	3,571	4,507
Total Revenue Requirement	2,380 *	14,260	16,640

Transmission Based on 1999 Test Year

	Rate Year Revenue Requirement		
	<u>Transmission</u> **	<u>Distribution</u>	<u>Total</u>
Net Expense	1,962	10,689	12,651
Rate Base	7,608	26,908	34,515
Cost of Capital	13.27%	13.27%	13.27%
Return on Rate Base	1,010	3,571	4,580
Total Revenue Requirement	2,971	14,260	17,231

Stipulated T&D Separation

	Rate Year Revenue Requirement		
	<u>Transmission</u>	<u>Distribution</u>	<u>Total</u>
Total Revenue Requirement	2,971 **	14,260	2,971
Use of Available Value	591	0	591
Net Revenue Requirement	2,380	14,260	16,640

Note: * - Transmission revenue requirement is based on 1998 test year.

** - Transmission revenue requirement is based on 1999 test year.

Maine Public Service Company
Application of Available Value
Annual Revenue Requirement Impact
\$000's

Available Value of 06/08/99	20,984
Less Recognition of Revenue Attributable to the Foregone 3.66% Rate Increase	<u>1,647</u>
Available Value at 06/08/99 After Recognizing Foregone Revenue (A)	19,337
Rate Base at 06/08/99 = Available Value x (1-tax rate) (B)	11,623
 Carrying Charges for the period 6/8/99 - 2/29/00 (C)	 680
Associated ADIT (D)	271
Available Value at 02/29/00 (A) + (C)	20,017
Rate Base at 02/28/99 (B) +(C) -(D)	12,032
36% of Available Value at 02/29/00	7,006
36% of Rate Base at 2/29/00 - Offset Seabrook	4,211
 Additional Annual Amortization - Offset Transmission Revenue Increase on June 1, 2000	 591
 Income Tax Rate	 39.8938%

	Rate Base	Amortization Expense	Amort. Exp. (GROSSED-UP) 1.663722	Return on Rate Base 0.1327	Stranded Revenue Requirement	Stranded Investment Recovery (Rate Base x 1.663722)
3/1/00	7,821					13,012
3/1/00 to 6/1/00	6,930	891	1,482	245	1,727	
6/1/00 to 2/28/01	3,872	<u>3,058</u>	<u>5,088</u>	<u>537</u>	<u>5,625</u>	6,442
		3,949	6,570	782	7,352	
3/1/01 to 2/28/02	780	3,093	5,145	309	5,454	1,297
3/1/02 to 2/28/03	0	780	1,297	52	1,349	0
3/1/03 to 2/28/04	0	0	0	0	0	0